



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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July 15, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina, First District
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Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District

From: William T. Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the printed name and title.

REPORT ON UNION DUES AND AGENCY FEES – SEIU LOCAL 6434 AND PERSONAL ASSISTANCE SERVICES COUNCIL OF LOS ANGELES COUNTY (LA HOME HEALTH CARE PROVIDERS)

At the Board of Supervisor's meeting on June 17, 2008, your Board requested that the Chief Executive Officer (CEO) provide a report, working in collaboration with the Personal Assistance Services Counsel (PASC) the employer of record for In-Home Supportive Services (IHSS) providers, on additional information regarding SEIU Local 6434's (Union) bargaining proposal to charge full dues and an assessment to all IHSS providers.

Union members pay \$30.66 in Union dues per month, plus a Union assessment of \$4.50 per month. The agreement between PASC–SEIU expressly provides that IHSS providers, who are non-members of the Union, shall pay an agency fee of \$0.21 per hour worked (until enough hours are worked to pay an amount equivalent to full dues) and are not subject to assessments. However, the Union has proposed that all providers pay the full amount of \$30.66, unless a provider works 20 hours or less. Based on the current agency fee arrangement, a non-member must work 146 hours before they pay this full fee amount. In addition, the Union proposes the assessment of \$4.50 to all providers, for a total of \$35.16 in Union charges per month. The current agreement between the PASC–SEIU states that agency fee payers are not subject to any initiation fees or assessments.

"To Enrich Lives Through Effective And Caring Service"

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Based on your Board's request, CEO staff worked with the PASC to estimate the impact of the Union's proposal. It must be noted, that much of this data was extrapolated from the State's Case Management Information and Payrolling System (CMIPS). The Union does not share the detail of their deductions from each provider. However, CMIPS provides enough information for my staff to develop this reasonable estimate.

The analysis revealed that approximately 32 percent of the 136,000 IHSS providers pay full dues, either because they are Union members, or because they work in excess of 146 hours per month. Approximately 67 percent of providers pay less than full dues at the agency fee rate of \$0.21 per hour worked, and one percent of providers work less than 20 hours per month, and therefore, do not pay any fees. The Union currently collects approximately \$1.5 million per month in agency fees and \$1.4 million per month in Union dues. Under the Union's proposal, the amount collected from those currently paying agency fees and working part-time assignments, would more than double, increasing by \$1.6 million, to over \$3.1 million.

The analysis also revealed that the providers paying agency fees work an average of 80 hours per month. The Union's proposal would result in an additional \$0.23 per hour cost for the average provider. Therefore, if the providers received a \$0.25 per hour increase, the average worker would take home \$0.02 per hour.

Finally, the analysis provides the number of additional hours a provider would have to work, or the amount of a wage increase a provider would need, to fully offset the Union's proposal. For example, a provider working 20 to 30 hours per month would need to work 3.3 additional hours, or receive a wage increase of \$1.20 per hour, to offset the Union's proposal. A provider working 100 to 110 hours per month would need to work 1.5 additional hours, or receive a wage increase of \$0.12 per hour, to offset the proposal, etc. Attached for your Board's review are charts displaying a variety of scenarios and information regarding the impact of the Union's proposal.

On a similar note, we were recently contacted on Thursday, July 10, 2008, by PASC regarding bargaining issues with SEIU Local 6434. We met with the Executive Director of PASC, and their private counsel, on Friday, July 11, 2008. The Executive Director of PASC and counsel reported that although the parties continue to bargain, the Union has imposed a \$4.50 assessment on providers. PASC and the Department of Public Social Services have received complaints from providers that their dues deductions in some cases have doubled. This supports PASC's belief that SEIU Local 6434 may have recently increased agency fee deductions, or imposed other assessments on employees in the bargaining unit. We will have more definitive information on this matter at the end of July when payroll records are reviewed.

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As stated above, the MOU contains a low-wage earner "cents per hour protection provision", which provides for a reduced agency fee due structure for low wage earnings and providers who work a minimum number of hours. Apparently, this provision may have been unilaterally negated, and an across-the-board agency fee of \$35.16 per month (includes unilaterally imposed \$4.50 assessment) may have been assessed on all providers. The Union transmits payroll deductions directly to the State Controller's Office, which inputs the deductions for each provider, without review. Neither PASC nor the County has a role in this process.

In addition, PASC's private counsel and their Executive Director reported that SEIU 6434 has attempted to use Government Code Section 3502 (a) and (b) to request an election for a new agency shop provision with increased dues for all bargaining unit members. PASC counsel reported that an Attorney General opinion was provided to SEIU Local 6434 which shows that this provision is not applicable because the PASC and SEIU Local 6434's bargaining contract already contains an expressed agency shop provision. This provision states that it will remain in force and effect until the parties reach agreement on an amended agency fee clause. Several technical and legal arguments have been raised by PASC and representatives of SEIU Local 6434 regarding this situation. We will continue to work with PASC and provide your Board with additional information regarding this issue as necessary.

If you have any questions or concerns, please feel free to contact me, or your staff may call Jim Adams at (213) 974-2404, or James Blunt at (213) 893-1291 of my staff.

WTF:SRH:MS
GP:JB:cvb

Attachment

c: County Counsel
Department of Public Social Services
Personal Assistance Services Council

**IN-HOME SUPPORTIVE SERVICES
ADDITIONAL REVENUE TO UNION**

**Analysis of Current \$0.21 per hour Agency Fees vs. Union Proposal to Eliminate 'Cents per Hour' Limits, and to add Union Assessment
Data extrapolated from the State Case Management Information and Payrolling System (CMIPS)**

Information

Union Dues	\$30.66 per month	Total Providers (as of February 2008)	136,282
Agency Fee Rate (for non-union members)	\$0.21 per hour, up to \$30.66 per month	Providers Paying Full Dues (est 02/08)	44,155
Hours worked to pay full dues (based on Agency Fee Rate)	146 hours per month	Providers Paying Agency Fees (est 02/08) (w/ under 146 hours)	92,127

Union Assessment - column (e) below \$4.50 per month

(the Union began imposing this assessment on all Providers in September 2007. The PASC is challenging the Union's authority to levy this assessment, based on the PASC / SEIU agreement. The union collects approximately \$408,000 per month from non-member agency fee providers and \$199,000 from providers paying full dues, as reflected below.)

	(a)	(b)	(c)	(d)	(e)		(f)	(g)	(h)
	Monthly	Providers Paying	Estimated	Agency Fees	Union Increases			Total	% Increase
	Hours Worked	Less than Full	Hours	and Union Dues*				Increases	
		Agency Fees			\$4.50 Union	Full Dues			
				(c) * \$0.21	Assessment (b) * \$4.50	all Providers (b) * \$30.66		(e)+(f)-(d)	(g) / (d)
Est: Non-Members Paying Agency Fees	0 to 10	240	1,202	\$ -		\$ -	\$ -	\$ -	-%
	10.1 to 20	1,185	17,768	\$ -		\$ -	\$ -	\$ -	-%
	20.1 to 30	3,043	76,067	\$ 15,974.15	\$ 13,692.13	\$ 93,289.03	\$ 91,007.01	\$ 91,007.01	570%
	30.1 to 40	5,398	188,914	\$ 39,671.99	\$ 24,288.97	\$ 165,488.86	\$ 150,105.84	\$ 150,105.84	378%
	40.1 to 50	7,329	329,813	\$ 69,260.76	\$ 32,981.31	\$ 224,712.68	\$ 188,433.23	\$ 188,433.23	272%
	50.1 to 60	9,119	501,540	\$ 105,323.33	\$ 41,035.06	\$ 279,585.57	\$ 215,297.30	\$ 215,297.30	204%
	60.1 to 70	10,505	682,853	\$ 143,399.22	\$ 47,274.47	\$ 322,096.70	\$ 225,971.95	\$ 225,971.95	158%
	70.1 to 80	10,286	771,442	\$ 162,002.86	\$ 46,286.53	\$ 315,365.56	\$ 199,649.23	\$ 199,649.23	123%
	80.1 to 90	10,595	900,554	\$ 189,116.40	\$ 47,676.40	\$ 324,835.23	\$ 183,395.23	\$ 183,395.23	97%
	90.1 to 100	9,174	871,530	\$ 183,021.24	\$ 41,282.99	\$ 281,274.75	\$ 139,536.50	\$ 139,536.50	76%
	100.1 to 110	7,463	783,588	\$ 164,553.46	\$ 33,582.34	\$ 228,807.67	\$ 97,836.55	\$ 97,836.55	59%
	110.1 to 120	6,258	719,691	\$ 151,135.18	\$ 28,161.83	\$ 191,875.96	\$ 68,902.62	\$ 68,902.62	46%
	120.1 to 130	5,074	634,208	\$ 133,183.65	\$ 22,831.48	\$ 155,558.50	\$ 45,206.34	\$ 45,206.34	34%
	130.1 to 140	4,274	576,985	\$ 121,166.88	\$ 19,232.84	\$ 131,039.74	\$ 29,105.70	\$ 29,105.70	24%
	140.1 to 146	2,185	316,786	\$ 66,525.04	\$ 9,831.29	\$ 66,983.83	\$ 10,290.08	\$ 10,290.08	15%
		92,127	7,372,942	\$ 1,544,334.15	\$ 408,157.65	\$ 2,780,914.09	\$ 1,644,737.59	\$ 1,644,737.59	107%
Full Dues / Fees **		44,155	n/a	\$ 1,353,792.30	\$ 198,697.50	\$ 1,353,792.30	\$ 198,697.50	\$ 198,697.50	15%
Estimated Monthly Union Collections				\$ 2,898,126.45	\$ 606,855.15	\$ 4,134,706.39	\$ 1,843,435.09	\$ 1,843,435.09	64%
Estimated Annual Union Collections				\$ 34,777,517.39	\$ 7,282,261.75	\$ 49,616,476.71	\$ 22,121,221.07	\$ 22,121,221.07	

* Note: Providers working less than 20 hours are exempt from agency fees and assessments, per the PASC / SEIU agreement.

** Note: Available information does not differentiate between union members paying full dues and non-members paying maximum agency fees based on hours worked

Wage Increase Scenarios **Offsetting Effect of Union Proposal**

Additional Information

Providers Paying Agency Fees	92,127
Hours Worked by this Population	7,372,942
Avg Hours Worked	80.0

AVERAGE PROVIDER WORKING 80 HOURS, \$9.00 WAGE, PAYING CURRENT AGENCY FEES ONLY

Providers	Avg Hours	Wage	Monthly Income	Agency Fees	% of income	Net Income
1	80.0	\$ 9.00	\$ 720.00	\$ 16.80	2.3%	\$ 703.20

SCENARIO #1: \$0.25 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.25	\$ 740.00	\$ 35.16	4.8%	\$ 704.84	\$ 0.02 / hour	\$ 0.23 / hour
							\$ 1.60 / month	\$ 18.40 / month

SCENARIO #2: \$0.50 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.50	\$ 760.00	\$ 35.16	4.6%	\$ 724.84	\$ 0.27 / hour	\$ 0.23 / hour
							\$ 21.60 / month	\$ 18.40 / month

SCENARIO #3: \$0.75 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.75	\$ 780.00	\$ 35.16	4.5%	\$ 744.84	\$ 0.52 / hour	\$ 0.23 / hour
							\$ 41.60 / month	\$ 18.40 / month

SCENARIO #4: \$1.00 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 10.00	\$ 800.00	\$ 35.16	4.4%	\$ 764.84	\$ 0.77 / hour	\$ 0.23 / hour
							\$ 61.60 / month	\$ 18.40 / month

SCENARIO #5: \$2.50 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 11.50	\$ 920.00	\$ 35.16	3.8%	\$ 884.84	\$ 2.27 / hour	\$ 0.23 / hour
							\$ 181.60 / month	\$ 18.40 / month

CONCLUSION: THE UNION'S PROPOSAL WILL COST THE AVERAGE PROVIDER WORKING 80 HOURS PER MONTH, AN ADDITIONAL \$0.23 PER HOUR, ABOVE THE CURRENT \$0.21 PER HOUR.

Additional Hours or Wage Increase Needed to Completely Offset the Proposed Union Increase

Hours Worked	Providers	Avg Hours	Wage	Monthly Income	Curent \$0.21 Agency Fees	% of income	Full Dues and Assessment	% of income	Additional Hours Needed to Breakeven	OR	Wage Increase Needed to Breakeven
0 to 10	1	5.0	\$ 9.00	\$ 45.00	\$ -	-%	\$ -	-%	--		--
10.1 to 20	1	15.0	\$ 9.00	\$ 135.00	\$ -	-%	\$ -	-%	--		--
20.1 to 30	1	25.0	\$ 9.00	\$ 225.00	\$ 5.25	2.3%	\$ 35.16	15.6%	3.3		\$1.20
30.1 to 40	1	35.0	\$ 9.00	\$ 315.00	\$ 7.35	2.3%	\$ 35.16	11.2%	3.1		\$0.79
40.1 to 50	1	45.0	\$ 9.00	\$ 405.00	\$ 9.45	2.3%	\$ 35.16	8.7%	2.9		\$0.57
50.1 to 60	1	55.0	\$ 9.00	\$ 495.00	\$ 11.55	2.3%	\$ 35.16	7.1%	2.6		\$0.43
60.1 to 70	1	65.0	\$ 9.00	\$ 585.00	\$ 13.65	2.3%	\$ 35.16	6.0%	2.4		\$0.33
70.1 to 80	1	75.0	\$ 9.00	\$ 675.00	\$ 15.75	2.3%	\$ 35.16	5.2%	2.2		\$0.26
80.1 to 90	1	85.0	\$ 9.00	\$ 765.00	\$ 17.85	2.3%	\$ 35.16	4.6%	1.9		\$0.20
90.1 to 100	1	95.0	\$ 9.00	\$ 855.00	\$ 19.95	2.3%	\$ 35.16	4.1%	1.7		\$0.16
100.1 to 110	1	105.0	\$ 9.00	\$ 945.00	\$ 22.05	2.3%	\$ 35.16	3.7%	1.5		\$0.12
110.1 to 120	1	115.0	\$ 9.00	\$ 1,035.00	\$ 24.15	2.3%	\$ 35.16	3.4%	1.2		\$0.10
120.1 to 130	1	125.0	\$ 9.00	\$ 1,125.00	\$ 26.25	2.3%	\$ 35.16	3.1%	1.0		\$0.07
130.1 to 140	1	135.0	\$ 9.00	\$ 1,215.00	\$ 28.35	2.3%	\$ 35.16	2.9%	0.8		\$0.05
140.1 to 146	1	145.0	\$ 9.00	\$ 1,305.00	\$ 30.45	2.3%	\$ 35.16	2.7%	0.5		\$0.03

Effect of the Union proposal on wage increases

\$0.25 wage increase with Union proposal of full dues and assessment:	Providers working 20 - 80 hours, 49.6% of agency fee payers, would take home less than they currently do.
\$0.50 wage increase with Union proposal of full dues and assessment:	Providers working 20 - 50 hours, 17.1% of agency fee payers, would take home less than they currently do.
\$0.75 wage increase with Union proposal of full dues and assessment:	Providers working 20 - 40 hours, 9.2% of agency fee payers, would take home less than they currently do.
\$1.00 wage increase with Union proposal of full dues and assessment:	Providers working 20 - 30 hours, 3.3% of agency fee payers, would take home less than they currently do.